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February 18, 2002

Ms. Catherine M. Chaberski
Manager, Voluntary Remediation Program, MC M05012
Arizona Department of Environmental Quality
3033 North Central Avenue
Phoenix, Arizona 85012

Dear Ms. Chaberski:

RE: Arizona Copper Company Project Update, Site Code # 503857-00

Phelps Dodge Morenci, Inc. (PDMI) is pleased to provide this status report to the Arizona Department of Environmental Quality (ADEQ) regarding the Arizona Copper Company Project Update, Site Code # 503857-00. The status of this project since our last project update submitted to ADEQ on December 21, 2000 is discussed below.

This site has not yet been fully characterized. A comprehensive soil investigation program and risk assessment is planned for the second quarter of 2002 to evaluate the entire assessment area where metal values may be present. PDMI is presently reviewing site characterization proposals. Once a proposal is selected, a characterization plan will be submitted to ADEQ for review and approval. We anticipate that we will select a proposal by the end of the first quarter of 2002. Following ADEQ's approval of the characterization plan, a schedule for site characterization completion will be submitted to ADEQ.

Following the completion of site characterization, a work plan and schedule for remediation will be submitted to ADEQ for review and approval if remediation is deemed necessary. If the remediation is to be conducted in phases, a schedule will be submitted to ADEQ for review and approval prior to the commencement of the subsequent phases. The remediation plan would be in accordance with A.R.S. §49-175 and include the remediation levels or controls to be used during any necessary remediation.

Should you have any questions regarding the activities discussed in this letter please contact me at (520) 865-6977 at your earliest convenience. PDMI looks forward to working with ADEQ in characterizing this property.

Very truly yours,

Savona L. Kiessling
Environmental Geologist

SLK:slk

cc: Jere Johnson, EPA. *2/21 km*
Brian Musser, Phelps Dodge
Rick Mohr, Phelps Dodge
Dan Kravets, Phelps Dodge
David Wallis, Gallagher & Kennedy
File